like Farmers Clubs, NGOs, Post Offices on the lines of Business Facilitator/ Business Correspondent Model and to finance oral lessees and landless agricultural labourers through the Self Help Group and Joint Liability Group approach, etc.

Besides, pursuant to the announcement in the Union Budget 2008-09, Government has advised Indian Banks' Association to suitably advise the commercial banks to add at least 250 rural household accounts every year at each of their rural and semi-urban branches.

Common VAT rate

374. SHRIMATI SUPRIYA SULE: Will the Minister of FINANCE be pleased to state:

(a) whether State Governments have decided to evolve a common Value Added Tax (VAT) rate;

(b) whether the empowered committee of State Finance Ministers that discussed the issue at its last meeting set up an Expert Group to look into the VAT structure and deviations in rates that existed across the States;

(c) whether the Committee has already submitted its recommendations;

(d) if so, the details of the same and what are the recommendations made; and

(e) by when they are likely to be implemented?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) At the time of introduction of VAT in most States from 01.04.2005, the Empowered Committee of State Finance Ministers (EC) had recommended 12.5% as the standard rate for VAT, with 4% as the lower rate for certain commodities. Special rate of 1% has been recommended for commodities like gold, silver and platinum ornaments, precious stones and bullion. Certain commodities like petroleum products, liquor, etc. have been kept out of the purview of VAT with floor rate of 20%. These rates relate to VAT in the various States, coming under the purview of the respective State Legislatures.

(b) It is reported that the Empowered Committee of State Finance Ministers discussed the issue of deviations and industrial incentives in its meeting held on 21st June, 2008 and decided to constitute a committee of Principal Secretaries / Secretaries (Finance/Taxation) and Commissioners of Trade Taxes to look in to the various issues related to the deviations in rate that existed across the States.

(c) to (e) The said Committee has been appointed by the Empowered Committee of States Finance Ministers and the Government of India. The report has also to be submitted to the Empowered Committee and not the Central Government. Any action on the recommendation has to be taken by the respective State and not the Central Government. It is understood from the Empowered Committee that the Committee has not submitted any report to the EC on the issue of deviations in VAT rates from State to State.